

REPORT

OF THE

COMMITTEE OF WAYS AND MEANS

RELATIVE TO THE

ION CANAL LOTTERY,

AND TO PREVENT THE

SALE OF FOREIGN LOTTERY TICKETS,

MR. HARRISON, CHAIRMAN.

HARRISBUBG:

PRINTED BY S. C. STAMBAUGH.

1828.



Digitized by the Internet Archive
in 2017 with funding from

This project is made possible by a grant from the Institute of Museum and Library Services as administered by the Pennsylvania Department of Education through the Office of Commonwealth Libraries

REPORT

OF THE

COMMITTEE OF WAYS AND MEANS.

.....

Read in the House of Representatives, Feb. 9, 1823.

.....

The committee on ways and means to whom were referred a resolution instructing the committee to inquire into the expediency of repealing the several acts of assembly, which authorise the Union canal company to raise by way of lottery a certain sum of money, and also into the expediency of making further provision for preventing the sale of foreign lottery tickets within this commonwealth,

REPORT:

That with a view to a full investigation of the subjects of inquiry proposed in the aforesaid resolution, and in order to afford the Union canal company and Messrs. Yeats & M'Intyre, the managers of the lotteries connected therewith, an opportunity to be heard on matters that so materially interested them, the committee on the 1st day for a hearing and gave them notice accordingly. At the same time James C. Biddle, Esq. of Philadelphia, appeared on behalf of the Union canal company and of Messrs. Yeats & M'Intyre before the committee, and stated very fully the objections of the said Union canal company and the said Yeats & M'Intyre, to the repeal of the laws authorizing the said company to raise money by way of lottery, which they alledge would operate unjustly on the parties concerned, viz: The stockholders of the old and new stock, the holders of the loan and the lottery managers.

In order to a correct understanding of the subjects, it will be necessary to refer to the several acts of assembly relating to the said grants.

By the act of the 17th April, 1795, the president and managers of the Schuylkill and Susquehanna navigation and the president and managers of the Delaware and Schuylkill canal navigation, were authorised to raise by way of lottery, a sum of \$400,000 for the purpose of completing the works in their acts of incorporation mentioned, under a prohibition, that neither of them should form the

same into capital stock, upon which to declare a dividend of ~~one~~ And by the act of fourth March, 1807, the said company authorised to raise their respective sums separately, subject like prohibition as to dividends thereupon, but the same to be considered as a bounty to said corporations, to enable them to pay the tolls as low as possible.

The two companies by the act of second April, 1811, were consolidated and incorporated by the name of the Union Canal Company of Pennsylvania; and were authorised on such terms and conditions as they might think fit, to raise by way of loan, such sum of money as they may find expedient, for the completion of the canal upon the credits of the capital stock, including the net proceeds and avails of the lotteries thereby authorised, and to mortgage any part or the whole of their property, tolls, profits or whatsoever. And by the 28th section of the same act, authority was given to said company to raise the residue of the original capital equal to \$340,000, by lottery and to sell and assign the same to raise the said residue or any part thereof, and that such assignment shall vest for the term they shall so acquire, with the same rights and privileges as the said corporation and the profits arising from said lotteries, shall not form capital stock upon which dividends shall be made but shall be considered as a bounty to enable them to make the tolls as low as possible.

By the 3d section of the act of 29th March, 1819, the average neat proceeds of lottery granted by the 28th section of the act of 1811, were pledged as a fund for the payment of an annual interest of six per cent, upon sums subscribed under this act. The sums not forfeited in the old companies were placed on the same fund.

By the 8th section of the same act all right and title to any and every kind of property which belonged to the late Delaware and Schuylkill, and Schuylkill and Susquehanna canal companies which is now held or may hereafter be acquired by the said canal company, by lottery or otherwise, shall be held in common by the old and new subscribers, and the said property was to be vested in the two classes of stockholders, and a full and entire participation in every advantage to be derived therefrom.

And by the 9th section of the same act, whenever the average neat proceeds of the lottery shall exceed the amount of the sums required by said act to pay the interest as is directed by the 3d section, such excess shall go into the capital stock and to be invested in such manner as the directors may think proper, and if not wanted to complete the works in the United States or other foreign funds, and it was made lawful to make dividends on the interest arising therefrom.

The act of 1821, guarantees interest on 2,500 shares, amounting to 450,000 dollars for 25 years, if the proceeds of the lottery subscribed to the Union canal company, and tolls shall not yield a sufficient sum and in order to avoid as far as possible all disability to pay such interest, so much of the 3d section of the act of 1811 as pledges any part of the avails or neat proceeds of the lottery

to the payment of interest to the holders of old shares, is there-
suspended until the canal shall be completed and the said com-
are authorised to continue during the said term of 25 years
ise by way of lottery any sums that may be wanted for the
ose of paying to the holders of the said stock the six per cent.
said. Provided, that whenever the neat proceeds of the tolls
amount to said six per cent, the privilege thereby granted of
ing money by lottery shall during such time be suspended, ex-
so far as is authorised by existing laws, and it shall in no event
awful to divide any sum arising from said lottery over and
e six per cent. upon the stock of said company. it being the intent
meaning of the act that all such excess shall be reserved to
any deficiency thereof that may at any time occur in the tolls
resaid. If any payment of interest be made by the common-
h equivalent to a share or shares the commonwealth should be
ed to a certificate of stock therefor.

the guarantee of interest to cease if the navigation be not com-
in ten years after interest shall first accrue.

From the foregoing extracts of the several acts of assembly, it
ers that the lottery grants were given in the first instance, to
o companies and afterwards continued to the Union canal
nny, to aid and encourage the construction and completion of
al and lock navigation, uniting the waters of the Susquehan-
nd Schuylkill, and that in consequence of those grants, indi-
s were induced to invest their funds in the furtherance of the
and loans to the amount of \$830,400 were made under the
ity given by the act of 2d April, 1811, upon the credit of the
l stock, including the neat proceeds and avails of lotteries
roperty tolls, and profits of the company, which stands pledg-
refor, and that a resumption of the lottery grants or a repeal of
ws authorising them would materially interfere with vested
and operate unjustly upon three distinct classes of persons
vested rights in said company, viz: the stockholders of the
al new stock, the holders of the loan, and the managers of the
er. The committee will not enlarge upon the nature and ex-
the injury that these description of persons might be sub-
eto, nor will they say to what extent it would impair confi-
in the faith of the legislative enactments, and to the injury
character of the commonwealth.

act of 1811, (28th sect.) authorises the company to sell and
the right to raise money, by way of lottery, and vests the
of the company in the assignee, during the continuance of the
rt. In pursuance of the authority thus granted the company,
ed into a written contract, dated the 6th of October, 1824,
Archibald M'Intyre, by which the right to raise money, by
lottery in Pennsylvania, was transferred to the said Archi-
Intyre, for the sum of \$150,000, \$64,000 of which remains
aised, in order to complete the contract, which will expire
the 31st of December, 1829, when the whole amount authorized
aised by lottery will have been completed, such being the ac-

tual situation of the case, a resumption of the lottery grants, can at this time be made without an infringement of the constitutional provision in relation to contracts.

Messrs Yates and M'Intyre, the present lottery managers are citizens of another state, and nothing is alleged, or appears against their conduct, in the management of that concern, but on the contrary, it appears that they have acted fairly and honorably in the fulfilment of their engagements, neither has it appeared that the stockholders, nor the president and managers have done any thing to require the interposition of the legislature; and the committee think it but justice to say, that the president and managers of the Union canal company, have performed their duty with fidelity. The great work committed to their charge has been brought to a completion and their labours bid fair to be crowned with merited success. It is a work in which the commonwealth at large have a great interest, and as a stockholder to the amount of \$50,000. It is confidently believed that the canal will be brought into operation early in the next spring, and it may be fairly presumed, that the receipt of tolls will yield a profit sufficient to pay the interest on the whole cost of the work, and that the succeeding year will probably give an increased amount of profits over and above the present estimate.

And a confident hope may be indulged, that at the expiration of the lottery contract with Messrs Yates and M'Intyre, the company will be enabled, and it may be presumed they will be perfectly willing, to relinquish altogether the lottery privileges granted to them.

If this reasonable expectation should not be acceded to on any part, it would then be a proper time for the legislature to take such measures to put an end to the lottery grants to said company as might be consistent with justice, propriety and expediency.

By the latter clause of the resolution, the committee were instructed to propose some further provision to prevent the sale of foreign lottery tickets within this commonwealth.

There are several acts of assembly in force for the suppression and preventing lotteries, one of a date so early as the year 1790, and by the act incorporating the Union canal company, passed the second day of April, 1811, it is provided that any person or persons who shall sell or expose to sale, or shall advertise or cause to be advertised for sale any lottery tickets, not authorised by the laws of this commonwealth, and shall be aiding and assisting any wise concerned in the sale of such tickets, or in the management, conducting or carrying on any lottery or device in the nature of a lottery not authorised as aforesaid, such person or persons on conviction, shall forfeit and pay a fine at the discretion of the court, not exceeding \$2,000, to the president and treasurer of the Union canal company, to be by them applied to the sinking fund.

Notwithstanding the prohibition and penalties imposed by the existing laws, the practice of selling foreign lottery tickets, notoriously prevails to a great extent, and it may be presumed, that the lottery privileges granted to the Union canal company

It is difficult to suppress effectually the sale of foreign lottery tickets in this state, as it must be evident that facilities are thereby afforded to evade the laws, superadded by the temptation to do so. The evil tendency of lotteries are very much to be deprecated, and the desire is very prevalent to eradicate them, and the period of expiration of the contract between the lottery managers and the Union canal company, may be confidently looked to, when the legislature will interpose their authority in such a manner as will result in a total suppression of them.

Whether it is owing to the inadequacy of the existing laws, or to reluctance in the citizens to appear in the character of investors, or whatever may be the cause, it is not easy to determine, but it may be inferred, that severe penalties would, under existing circumstances be alike unavailing.

The committee, from these causes are constrained to recommend the adoption of measures that would tend to restrain and lessen evils, by permitting persons of fair character, under security of payment of a sum of money to the commonwealth therefor, to sell lottery tickets, the permission only to extend to the sale of tickets in lotteries authorised by the laws of this state and for one year only, and prohibiting under suitable penalties, hawking and selling lottery tickets of every description.

A measure of this description it is presumed, would greatly lessen the number of lottery offices, and prevent gross impositions practised by pedlars of tickets.

No objection to this measure is that it gives the sanction of law to lotteries, but it may be observed that the sanction of the law already exists and must continue to exist at least until 31st December 1819, when it is to be hoped measures will be taken for the eradication of them.

The committee, therefore, submit the following resolutions for consideration of the house.

Resolved, That it is inexpedient to resume the lottery grants to the Union canal company at this time.

Resolved, That the committee be instructed to bring in a bill to regulate lottery brokers, and to restrain the sale of lottery tickets in this commonwealth.

